

Status Report

as of December 13, 2023

In compliance with the Court's Sale Order, Morning Law Group, P.C. ("MLG") provides this status report to the Trustee.

This report contains the status for the past 2 weeks. We were unable to complete the report last week due to issues with the way in which Payment Automation Network, Inc., reports processing data. Currently, PAN data cannot be custom sorted in the portal and downloadable reports are only available as pdf files. PAN's data shows reversals and payments in the same column. For our bookkeeping, however, we segregate reversals, which means we currently have to manually extract each negative entry from the PAN pdf reports in order to calculate the total reversals. Now that we understand the reports and have a system for extracting the necessary data, we should not have delays in future status reports. Additionally, PAN is working to create an excel download option for its reports, which will enable us to work with the data more efficiently.

1. Client Migration Status

All active/paying MLG clients and all "paused" MLG clients have been migrated from Luna to DPP/Forth database. We are in the process of migrating the inactive clients now. We continue to collect signed LSAs from the active/paying MLG clients.

2. How much client revenue has been pulled? What is the anticipated monthly pull?

As of December 8, 2023, MLG has received \$12,343,107.43 of client revenue (net of merchant fees and refunds paid to date, but subject to future refunds). The anticipated monthly revenue is still difficult to estimate based on past practice and current trends but is currently estimated to be approximately \$2,700,000 to \$3,300,000. Revenue for September 2023 was \$3,384,892.58. Revenue for October 2023 was \$2,911,405.81. Revenue for November 2023 was \$2,125,509.66. Revenue for December is currently forecasted at \$2,125,000.00.

3. How much client cash is MLG holding?

MLG does not hold "client cash" because it bills for services that have already been rendered. In other words, MLG does not collect advance payments for future services. As of December 8, 2023, MLG had approximately \$2,888,690.33 in cash.

4. What is MLG's monthly run rate?

As mentioned above, monthly revenue was expected to be \$2,700,000 to \$3,300,000. Monthly expenses are currently being reviewed and, wherever possible, reduced. October expenses were (cash basis): \$1,411,356.80. November expenses were (cash basis): \$1,138,089.11 (note: there were three paydays in November).

5. How is MLG maintaining the calculation of the estate share?

In accordance with the Purchase Agreement, the Estate's share commences after MLG receives \$5.5 million from client receivables. As of September 22, 2023, that threshold has been met and MLG has begun accruing a liability to the Estate on its balance sheet, which will be adjusted and paid to the Estate as set forth in the Purchase Agreement.

As of December 8, 2023, the Estate's share is estimated to be \$3,620,731.59 subject to adjustment as set forth in the Purchase Agreement, and subject to any refunds not yet processed by the payment processor.

The loan from Resolution Ventures remains outstanding. Once we begin making payments to the Estate, they will be accompanied by an accounting in accordance with the Purchase Agreement.